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NSC BRIEFING

28 September 1960

BACKGROUND

GREECE

- I. Greek internal situation relatively unchanged, but eight years of government stability may be drawing to a close.
 - A. Basic problems facing Prime Minister Karamanlis are economic: large-scale unemployment and chronic underemployment, agricultural surpluses, and lack of capital and resources for rapid development of economy.
 - B. New elections scheduled by May 1962; Karamanlis currently reported favoring latter part of 1961. Prior to event, government expected re-write electoral law to its own advantage.
 - C. Karamanlis' party now holds 170 of 300 seats in parliament. It attracted 41 percent of electorate in last general election (1958) but popular strength appears less today.
 1. Premier has welded a heterogenous group into unified party, consistently supporting him in confidence votes.
 2. Party leaders, however, have done little to create grass roots organization comparable to that developed by Communist-front party, United Democratic Left (EDA).
 - D. This is largest opposition party, holding or controlling 77 seats in parliament.
 1. EDA follows Moscow party line, maintains close contact with proscribed Communist Party of Greece, and seeks create popular front with non-Communists.

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2. EDA popular vote may have increased since 1958, when it polled 25 percent.

E. Non-communist opposition badly fragmented, suffering from too many leaders and too little attraction for electorate.

1. Repeated attempts to unite these parties have failed.

2. Some party leaders may cooperate with Karamanlis in next election but others, overtly or covertly, are expected to collaborate with EDA.

II. Greek foreign relations remain relatively stable.

A. Relations with Soviet Bloc have not changed in recent years; Soviet blandishments usually rejected and Soviet threats normally denounced.

B. Resolution of Cyprus problem improved relations with Turkey and Britain and increased NATO cooperation in area.

C. Negotiations for Greek association with Common Market stalled by Greek demands for large-scale assistance and for preferential treatment for Greek exports.

D. Karamanlis noticeably cooler toward US in recent weeks due primarily to anticipated decrease in US aid, failure of negotiations for settlement with US holders of defaulted pre-1939 Greek bonds, and US opposition to certain Greek prerequisites for association with the Common Market (high tariff on outside tobacco.)

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